

Exhibit FF



PRESCRIPTION DRUG PROGRAM ANALYSIS

For

District Council 37 Health and Security Fund

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SECTION 1- Introduction

On behalf of the District Council 37 Health and Security Plan (the "Plan"), The Segal Company has completed an evaluation of the prescription drug program administered by National Prescription Program/Express Scripts, Inc. ("ESI"). This report documents the findings of our analysis of the electronic claim records provided by ESI. An electronic file detailing prescriptions issued for the Plan's members for the period January 1, 2001 through December 31, 2002 was the source of the analysis. The Segal Company also receives hardcopy historical reports for review, and when compared to the data files, both reflected similar total figures. This analysis reviews data associated with the active and retiree populations of the Plan. Key data components and findings are illustrated throughout the report and compared to Segal benchmarks where appropriate. This analysis is based solely on the data provided by ESI and Average Wholesale Price information from First DataBank. The financial review performed is designed to:

- Determine competitiveness of financial arrangements being offered by ESI
- Identify areas where ESI is exceeding or falling short of expectations
- Compare the Plan's results, plan design, and financial arrangement to industry benchmarks
- Identify areas of potential inefficiency, abuse and waste
- Examine ESI's formulary management and dispensing practices
- Analyze and compare cost effectiveness of current retail and mail order delivery systems
- Analyze financial trends and major trend drivers
- Examine utilization, cost, and dispensing patterns within therapeutic drug categories
- Determine, based on data provided, whether ESI is administering the Plan's plan design parameters as intended
- Suggest plan design and administrative changes geared toward more cost effective and efficient benefit delivery

The results of this financial review will provide a vehicle for the Plan to initiate actions to improve financial performance, introduce prospective performance guarantees, establish specific contract terms, and consider plan modifications to improve plan efficiency where applicable.

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Key Findings

Overall, we found that ESI is generally administering the DC 37 Health Fund's plan in accordance with the terms of the contract. We did, however, find several issues that warrant further discussion with ESI. The exhibits and text that follow provide greater detail:

1. In 2002, the discounts and dispensing fees for both retail and mail order have improved over 2001 levels. Most significantly, the retail brand discount has increased to 15.63% from 13.95%, while the mail order brand discount has increased to 21.11% from 18.73%. The discounts achieved on generic medications have increased during this period as well.
2. While the contracted discounts are within the normative range, the actual Achieved discounts for retail are below those stated in the contract. During 2002, the Plan experienced retail discount levels of 15.63% for brand name drugs, and 56.35% on generic medications. The contract states a guaranteed discount level of 16% and 62% respectively.
3. Conversely, the discounts achieved on the mail order prescriptions exceeded the guaranteed levels stated in the contract. The Plan achieved discounts of 21.11% on brand name medications and 63.04% on generics. The contract provides for discounts of 18% and 50% respectively.
4. Plan Co-payment Administration—DC 37's co-pay plan design is being administered according to the Summary Plan Description. According to the SPD, the retail co-pay is \$3 for generic, \$8 for non-formulary and \$15 for formulary; the mail order is \$6 for generic, \$16 for non-formulary and \$30 for formulary. It appears that the co-pays collected on these brands are between the minimum \$3 and \$30 amounts.
5. Multi-Source Brand Dispensing Patterns—A multi-source brand drug is a brand drug with an FDA-approved therapeutic equivalent. We typically expect to find that 6 percent of all retail and mail order prescriptions are dispensed as multi-source. During the 24-month period, the Fund experienced a below-average multi-source dispensing rate of 3.6 percent for retail and 4.7 percent for mail order under the actives and 4.8 percent for retail and 5.9 percent for mail order under the retirees.
6. Mail service utilization totals 9.40 percent of active plan costs and 30.10 percent of retiree plan costs. Both the active and retiree rates are in line with the average rate of other plan sponsors. Overall, the Plan's mail order utilization is above average. The mail order co-payments are structured to provide cost-justification to both members and the DC37 plan when prescriptions move from retail to mail order.

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7. Administrative fees are significantly above what other plans are being charged. The contract calls for a maximum overall fee of \$0.47 per claim. We have observed administration fees at less than \$0.25 per retail prescription, with no fee per mail order prescription in similar-sized (and smaller) clients. Several vendors have recently offered proposals with no retail or mail order administrative fees. Under such an arrangement, the Plan would reduce vendor administration fees by approximately \$506,000 to \$1,082,000 per year.

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SECTION 2- Contract Compliance

The table below illustrates key financial aspects of the contract between the Plan and ESI. Segal benchmark ranges are also included for comparative purposes. It is important to keep in mind that any PBM's financial offerings will vary based on a number of factors, including group size, amount spent on drugs, panel of network pharmacies, competitive pressures, market pressures, and membership demographic factors.

Table 1A - Retail Contracted Discounts and Contract Performance

Contractual Items	Current Retail Terms	Segal Benchmark Ranges	2001 Achieved Performance	2002 Achieved Performance
Brand Drug Discount	AWP less a minimum of 13%, with an effective discount of 16%	Lesser of AWP less 13.5 to 15%, U&C	AWP less 13.95%	AWP less 15.63%
Generic Drugs Discount	AWP minus 62%	AWP minus 50% to 60% guaranteed (MAC)	AWP less 54.56%	AWP less 56.35%
Dispensing Fee per Brand Rx	\$2.00 per Rx	\$1.50 to \$2.50 per Rx Dispensed	\$2.67	\$2.29
Dispensing Fee per Generic Rx	\$2.00 per Rx	\$2.00 to \$2.75 per Rx Dispensed	\$2.60	\$2.25
Administrative Fee	\$0.47 per Rx	\$0.00 to \$0.75 Per Rx Dispensed	\$0.47 per Rx	\$0.47 per Rx

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Table 1B – Mail Order Contracted Discounts and Contract Performance

Contractual Items	Current Retail Terms	Segal Benchmark Ranges	2001 Achieved Performance	2002 Achieved Performance
Brand Drug Discount	AWP less a minimum of 18%	Lesser of AWP less 13.5 to 15%, U&C	AWP less 18.73%	AWP less 21.11%
Generic Drugs Discount	AWP minus 50%, or MAC	AWP minus 50% to 60% guaranteed (MAC)	AWP less 61.27%	AWP less 63.04%
Dispensing Fee per Brand Rx	\$1.50 per Rx	\$1.50 to \$2.50 per Rx Dispensed	\$1.81	\$1.50
Dispensing Fee per Generic Rx	\$1.50 per Rx	\$2.00 to \$2.75 per Rx Dispensed	\$1.88	\$1.52
Administrative Fee	\$0.47 per Rx	\$0.00 to \$0.75 Per Rx Dispensed	\$0.47 per Rx	\$0.47 per Rx

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Table 2 - Contract Performance Measurement

The contract performance measurement table illustrates the financial results of Segal's analysis of data submitted by ESI. Actual observed results are compared to contractual terms for major plan financial components.

Actual Results (1/1/2002 through 12/31/2002)		Retail		Retail Total		Mail		Mail Total		Total
		Retail Brand	Generic			Mail Brand	Generic			
Total Rx's Dispensed		1,227,535	855,385	2,082,920		135,477	83,016	218,493		2,301,413
Total AWP Cost*		\$93,914,678	\$26,198,620	\$120,113,299		\$27,586,455	\$8,173,895	\$35,760,350		\$155,873,649
Total Ingredient Cost		\$79,239,204	\$11,434,807	\$90,674,011		\$21,762,396	\$3,020,774	\$24,783,170		\$115,457,181
Discount Achieved		15.63%	56.35%	24.51%		21.11%	63.04%	30.70%		25.93%
Average Dispensing Fee Charged		\$2.29	\$2.25	\$2.27		\$1.50	\$1.52	\$1.51		\$2.20
Discount Achieved vs. Contracted [Shortfalls shown as positive amounts]		\$350,874	\$1,479,331	\$1,830,205		(\$858,497)	(\$1,066,174)	(\$1,924,671)		(\$94,466)
Dispensing Fee Achieved vs. Contracted [Shortfalls shown as positive amounts]		\$358,344	\$212,026	\$570,370		\$0	\$1,775	\$1,775		\$ 572,145

* Results exclude Rx's for non-payment generating transactions, liquids, powders, creams and inhalers and PICA drugs.

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Comments Regarding Financial Performance

- PBM contracts normally specify guaranteed discounts for brand name and generic drugs. During 2001 and 2002, DC 37's arrangement with ESI delivered the following discounts:

	<u>Retail</u>	<u>Mail Order</u>
Actives - Brand	15.00%	20.73%
Actives - Generic	55.07%	63.00%
Retirees - Brand	14.65%	19.74%
Retirees - Generic	55.53%	62.04%

Table 1 indicates that the current agreement with ESI provides the Maximum Allowable Cost (MAC) for generic drugs. According to Segal calculations, this results in an achieved discount of AWP less 55.07 percent for actives and 55.53 percent for retirees for retail generic prescriptions for the two-year period. These percentages are in the mid-range of the generic AWP discount benchmarks.

- The administration fees for retail and mail order prescriptions respectively, are \$0.47 per paid prescription. Some PBM's are now quoting administration fees of \$0.25 per prescription or less at retail for large groups and often no administrative fee is charged at mail order. We would normally suggest obtaining administrative fees on a per member per month basis as an alternative. Expressing fees on a per member per month basis creates an incentive for the PBM to limit the number of prescriptions dispensed and therefore more closely aligns incentives between the PBM and the plan.
- Regarding dispensing fees, the Fund's contract indicates fees of \$2.00 per retail prescription and \$1.50 per mail order. For the actives, the average charge based upon ESI's 2 years of data is \$2.33 per prescription for retail and \$1.66 per prescription for mail order. For the retirees, the average charge is \$2.64 per prescription for retail and \$1.66 per prescription for mail order.

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SECTION 3 - Plan Design Administration

Based on the data provided by ESI, co-pay amounts collected, copay amounts per plan provisions and Segal Benchmark copay statistics are summarized in the following table. Proper administration of a drug plan design will result in plan provision copayment amounts being relatively close to actual collected amounts as calculated based on submitted data. Major differences in these amounts can be the result of inappropriate or incorrect administration of the drug plan design. Benchmark copayment figures provide the average copayment amounts and ranges based on internal Segal plan design studies.

Table 3A - DC 37 HS Plan Design Administration (Copay per Rx)

<u>Actives</u>			
	Plan Provisions	Average Co-payment Collected	Segal Average for Benchmark Purposes
<u>Retail</u>			
• Generic	\$3.00	\$3.00	\$6.50
• Preferred Formulary	\$8.00	\$8.00	\$14.80
• Non-Preferred Formulary	\$15.00	\$14.12	\$14.80
<u>Mail Order</u>			
• Generic	\$6.00	\$5.90	\$9.50
• Preferred Formulary	\$16.00	\$16.14	\$20.25
• Non-Preferred Formulary	\$30.00	\$27.90	\$20.25

<u>Retirees</u>			
	Plan Provisions	Average Co-payment Collected	Segal Average for Benchmark Purposes
<u>Retail</u>			
• Generic	\$3.00	\$3.00	\$6.50
• Preferred Formulary	\$8.00	\$7.99	\$14.80
• Non-Preferred Formulary	\$15.00	\$14.23	\$14.80
<u>Mail Order</u>			
• Generic	\$6.00	\$5.91	\$9.50
• Preferred Formulary	\$16.00	\$16.07	\$20.25
• Non-Preferred Formulary	\$30.00	\$26.80	\$20.25

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DC'37 HS Plan Design Administration Commentary

Our review of the generic co-payment provisions, both at retail and mail order, actual results (excluding adjustments, creams, inhalers, powders, liquids and PICA drugs) are \$3.00 and \$5.90, respectively for actives and \$3.00 and \$5.91, respectively for retirees.

For the preferred formulary brand prescriptions under both the retail and mail for actives and retirees, the plan states that the co-payments for the preferred formulary brand name drugs will be \$8.00 for retail and \$16.00 for mail order. The average co-payments are calculating slightly higher on the mail and what the contract states on the retail level. For the actives the co-payments are calculating at \$8.00 per retail and \$16.14 for mail; for the retirees the co-payments are calculating at \$7.99 for retail and \$16.07 for mail order.

According to the Summary Plan description, members have a co-payment of \$15.00 per retail drug and \$30.00 for mail order for the non-preferred formulary prescriptions. For the actives at retail the co-payment is \$14.12 while mail order is \$27.09. The actual co-payments are \$14.23 per retail script and \$26.80 per mail order.

In reviewing the Fund's co-payment strategy to the Segal's benchmarks it is apparent that some of the current levels are close in relation to the standard suggested levels. Generic drugs have a lower than standard copay applied. For the retail, the Segal standard is in the range of \$6.50 compared to the Fund's current level of \$3.00. For the mail order, the Segal standard is \$9.50 compared to the Fund's \$6.00. The Segal benchmarks represent a combined preferred and non-preferred figure, which is in line with the current levels of the Fund. Structuring co-pays to encourage formulary utilization is a prudent plan design as the Plan shares in some of the savings obtained through utilization of the formulary (in the form of rebates). It is also important for the Plan to ensure that the mail order co-pay structure is aligned with the retail co-pay structure in order to prevent most or all of the savings from being passed on directly to the member. In instances where the co-pays are not aligned, the plan sponsor could actually pay more for mail order prescriptions despite deeper discounts than if the member had obtained an equivalent supply of the same prescription at retail.

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Table 4 – Oversupply by Claimant (Retail Plus Mail Order)

The oversupply analysis examines individual patients who have received more days of therapy during the analysis timeframe than could be reasonably expected for a given drug therapy. Oversupply days are determined based on individual days supply limit plan parameters in place at retail and mail order. Any claimant with a days supply greater than the pre-established limit and the corresponding oversupplied drug is reflected in the table below.

Actives -- 1/1/2001 – 12/31/2001 Oversupply By Claimant Summary						
Claimant	Drug Name	Retail Days Supply	Mail Order Days Supply	Total Days Supply	Oversupply Paid	
1	OXYCONTIN	840	0	840	\$ 4,235.48	
2	IMITREX	666	0	666	3,680.05	
3	SANDIMMUNE	780	0	780	3,597.13	
4	NEORAL	675	0	675	3,416.65	
4	PROGRAF	554	0	554	2,728.82	
6	OXYCONTIN	526	0	526	2,363.65	
7	NEORAL	720	0	720	2,316.34	
8	NEORAL	675	0	675	2,109.74	
9	NEORAL	600	0	600	1,915.66	
10	OXYCONTIN	720	0	720	1,858.58	
	Top 10 Total	6,756	0	6,756	28,222.10	
	Total	378,472	65,967	444,439	\$ 146,808.76	

Actives -- 1/1/2002 – 12/31/2002 Oversupply By Claimant Summary						
Claimant	Drug Name	Retail Days Supply	Mail Order Days Supply	Total Days Supply	Oversupply Paid	
1	PROGRAF	660	0	660	\$ 6,154.38	
2	PROGRAF	593	0	593	4,689.27	
3	PROGRAF	660	0	660	4,592.44	
4	NEORAL	720	0	720	4,318.22	
5	SANDIMMUNE	780	0	780	3,679.15	
6	IMITREX	690	0	690	3,054.30	
7	NEORAL	720	0	720	2,367.53	
8	NEORAL	720	0	720	2,126.14	
9	TOPAMAX	718	0	718	2,118.00	
10	OXYCONTIN	690	0	690	2,059.39	
	Top 10 Total	6,951	0	6,951	35,158.82	
	Total	719,510	126,933	846,443	\$ 286,967.87	

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Retirees -- 1/1/2001 - 12/31/2001 Oversupply By Claimant Summary

Claimant	Drug Name	Retail Days Supply	Mail Order Days Supply	Total Days Supply	Oversupply Paid
1	NEURONTIN	960	0	960	\$ 4,625.45
2	DURAGESIC	0	840	840	3,474.29
3	SANDIMMUNE	720	0	720	3,170.85
4	OXYCONTIN	775	0	775	3,073.10
5	NEORAL	720	0	720	2,836.03
6	NEORAL	720	0	720	2,743.60
7	DURAGESIC	702	0	702	2,675.04
8	NEORAL	720	0	720	2,573.36
9	NEORAL	780	0	780	2,263.77
10	NEORAL	630	0	630	2,112.24
	Top 10 Total	6,727	840	7,567	29,547.73
	Total	441,217	196,079	637,296	\$ 171,861.53

Retirees -- 1/1/2002 - 12/31/2002 Oversupply By Claimant Summary

Claimant	Drug Name	Retail Days Supply	Mail Order Days Supply	Total Days Supply	Oversupply Paid
1	PROGRAF	660	0	660	\$ 4,525.64
2	SANDIMMUNE	720	0	720	3,170.64
3	DURAGESIC	630	0	630	2,743.52
4	DURAGESIC	570	0	570	2,570.68
5	NEORAL	690	0	690	2,525.11
6	DURAGESIC	0	734	734	2,415.12
7	NEURONTIN	580	0	580	2,375.31
8	MORPHINE SULFATE	650	0	650	2,069.61
9	OXYCONTIN	750	0	750	2,054.07
10	NEORAL	720	0	720	1,911.89
	Top 10 Total	5,970	734	6,704	26,361.59
	Total	381,038	219,096	600,134	\$ 168,970.55

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Oversupply By Claimant Commentary

- Approximately \$434,000 and \$341,000 in claims were paid for actives and retirees, respectively, over the past two years for claimants with total days supply exceeding what would be expected in a 12-month period. Although some claimants will lose medications and require a refill that results in more than the maximum supply being dispensed during the period reviewed, it is likely that some claimants have been able to obtain excessive amounts of supply in the given period. While this amount may not be unusual in terms of oversupply, it does warrant the PBM addressing processes in place which flag and prevent individual claims from exceeding levels specified in DC 37's benefit plan.
- In both periods, we noted the oversupply of Oxycontin (although it is only one of the top ten oversupplied drugs in one period), which is classified as an Opiate Agonist. Following is an excerpt from a July 25, 2001, FDA Talk Paper:

Oxycontin, like morphine, has a high potential for abuse. It is supplied in a controlled-release dosage form and is intended to provide up to 12 hours of relief from moderate to severe pain. The tablet must be taken whole and only by mouth. When the tablet is crushed and its contents are injected intravenously or snorted into the nostrils, the controlled release mechanism is defeated and a potentially lethal dose of oxycodone is released immediately.¹

Given the addictive nature of such drugs, DC 37 should ensure that the PBM has established dispensing patterns in place to flag excessive days supply for these types of prescriptions. Please note that the apparent oversupply of Oxycontin was to fifteen different active claimants in 2001 and 2002 and seventeen different retiree claimants in 2001 and 2002. The active and retiree claimants received an oversupply in both periods. These individuals received oversupplies of 2,458 days for actives and 2,722 days during a 730-day period.

There are also several individuals who received oversupplies of more than one drug throughout the review periods.

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¹ Food and Drug Administration, FDA Strengthens Warnings for Oxycontin (Washington, D.C.: Office of Public Affairs, July 25, 2001).

Table 5 - Top Pharmacy Analysis (1/01/2002 to 12/31/2002)

The Top Pharmacy Analysis provides the most frequently utilized pharmacies and pharmacy chains based on aggregate ingredient cost dispensed amounts. Discounts achieved as well as percentage of generic drugs dispensed are shown in order to gauge the effectiveness of top pharmacies in controlling and lowering plan drug costs.

Actives

Pharmacy Chain	Number of Rx's	Generic %	Generic Discounts	Brand Discounts	Ingredient Cost	Percent of Total
RITE AID PHARMACY	147,372	40.5%	54.4%	15.3%	\$6,390,729.87	12.0%
CVS PHARMACY	132,678	39.1%	54.4%	15.6%	\$5,767,427.19	10.9%
DUANE READE	105,891	39.7%	53.9%	15.4%	\$4,649,751.60	8.8%
GENOVESE DRUG STORE	66,202	36.9%	56.4%	15.6%	\$2,860,354.40	5.4%
WALGREEN DRUG STORE	46,532	40.1%	52.9%	15.5%	\$2,020,353.97	3.8%
PATHMARK PHARMACY	32,711	39.7%	58.9%	15.3%	\$1,353,326.37	2.6%
CVS PROCARE PHARMACY	2,322	28.3%	62.2%	17.3%	\$500,039.06	0.9%
NABP	1,277	16.0%	60.6%	15.1%	\$374,111.37	0.7%
H.I.P. PHARMACY SERVICE	7,662	42.8%	64.2%	17.2%	\$293,416.84	0.6%
SILVER ROD DRUGS	5,977	38.5%	53.5%	14.9%	\$255,495.93	0.5%
TOTAL	645,701				\$32,370,294.83	61.0%

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Retirees

Pharmacy Chain	Number of Rx's	Generic %	Generic Discounts	Brand Discounts	Ingredient Cost	Percent of Total
CVS PHARMACY	122,259	42.9%	56.4%	15.4%	\$5,025,772.81	8.1%
RITE AID PHARMACY	108,564	44.5%	57.0%	15.2%	\$4,423,522.22	7.2%
WALGREEN DRUG STORE	70,493	44.4%	57.2%	15.2%	\$2,869,763.26	4.6%
DUANE READE	48,863	42.6%	58.1%	15.2%	\$2,017,811.04	3.3%
GENOVESE DRUG STORE	47,731	45.0%	58.2%	15.2%	\$1,855,814.60	3.0%
ECKERD DRUG	43,363	44.6%	55.9%	15.1%	\$1,743,763.39	2.8%
PATHMARK PHARMACY	39,470	42.9%	58.9%	14.9%	\$1,527,794.58	2.5%
PUBLIX PHARMACY	16,131	41.8%	57.1%	15.0%	\$632,739.22	1.0%
WAL-MART PHARMACY	13,672	41.0%	56.8%	15.1%	\$565,946.95	0.9%
H.I.P. PHARMACY SERVICE	10,687	47.9%	60.9%	14.3%	\$380,016.83	0.6%
TOTAL	760,551				\$43,171,892.26	69.8%

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Top Pharmacy Analysis Commentary

- Discounts and generic dispensing rates vary by pharmacy. Because of this fact, plan sponsors can be well served by implementing a customized retail network. Custom networks can sometimes deliver discounts of up to 17 percent on brand drugs. DC 37 could consider this approach if somewhat reduced access standards are not a prime issue.
- The top pharmacy chain used by **active** participants (Rite Aid) processed 22.8 percent of the prescriptions and 12.0 percent of total ingredient costs.
- The top pharmacy chain used by **retiree** participants (CVS) processed 16.1 percent of the prescriptions and 8.1 percent of total ingredient costs.
- For both actives and retirees, the top pharmacy was the mail service facility. For the actives, 44,526 prescriptions were processed at mail, which was 4.1 percent of all. Ingredient costs were \$5,389,520, which was 10.2 percent of total. The percentage of generic scripts was 31.6, with a discount of 63.9 percent. The brand discount generated was 21.8 percent. For the retirees, the mail order processed 173,726 prescriptions, which was 14.4 percent of all. Ingredient costs were \$19,347,244, which was 31.3 percent of total. The percentage of generic scripts was 39.7, with a discount of 63.1 percent. The brand discount generated was 20.6 percent.

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SECTION 4 – Plan Cost and Utilization

The Plan Cost and Utilization section examines key statistical plan indicators and provides commentary regarding the retail and mail order plan performance during the period being analyzed. Benchmark data is provided for certain statistics in order to provide useful comparisons based on both cost and utilization results. These indicators and benchmark comparisons are provided in order to develop methods to improve plan performance by influencing patient behavior (plan design) or ESI performance (generic dispensing).

Table 6A – Key Plan Data for Actives

DC 37 HS									
1/1/2001 through 12/31/2001									
Key Plan Data									
	Retail Brand	Retail Generic	Retail Total	Mail Order Brand	Mail Order Generic	Mail Order Total			
Rx's Dispensed	800,722	505,400	1,306,122	34,012	14,944	48,956			1,355,078
Rxs Dispensed PEPM	0.60	0.38	0.97	0.03	0.01	0.04			1.01
Total Days of Therapy Dispensed	19,087,875	9,994,320	29,082,195	3,017,748	1,307,190	4,324,938			33,407,133
Average Employees	111,787	111,787	111,787	111,787	111,787	111,787			111,787
Total Average Wholesale Price	57,614,320	13,012,968	70,627,288	6,898,647	1,405,504	8,304,151			78,931,439
Total Ingredient Costs	48,804,133	6,387,814	55,191,947	5,325,317	542,381	5,867,698			61,059,645
Total Dispensing Fees	2,097,857	1,292,711	3,390,568	61,970	28,138	90,108			3,480,676
Gross Costs	50,902,824	7,680,534	58,583,358	5,387,287	570,519	5,957,806			64,541,164
Member Co-payments	7,757,904	1,514,543	9,272,447	609,019	88,455	697,474			9,969,921
Paid Claim Amounts	43,144,920	6,165,991	49,310,911	4,778,268	482,064	5,260,332			54,571,243
Paid Per Employee Per Month	32.16	4.60	36.76	3.56	0.36	3.92			40.68

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Table 6B – Key Plan Data for Actives

DC 37 HS 1/1/2002 through 12/31/2002 Key Plan Data							
	Retail Brand	Retail Generic	Retail Total	Mail Order Brand	Mail Order Generic	Mail Order Total	Total
Rx's Dispensed	779,339	511,939	1,291,278	32,197	14,594	46,791	1,338,069
Rxs Dispensed PEPM	0.58	0.38	0.97	0.02	0.01	0.04	1.00
Total Days of Therapy Dispensed	18,878,944	10,364,997	29,243,941	2,849,126	1,277,112	4,126,238	33,370,179
Average Employees	111,322	111,322	111,322	111,322	111,322	111,322	111,322
Total Average Wholesale Price	58,707,252	14,702,660	73,409,912	6,654,589	1,444,768	8,099,357	81,509,269
Total Ingredient Costs	49,392,443	7,119,482	56,511,925	5,186,580	528,146	5,714,726	62,226,651
Total Dispensing Fees	1,620,019	1,043,172	2,663,191	48,298	22,162	70,460	2,733,651
Gross Costs	51,013,395	8,162,672	59,176,067	5,234,878	550,307	5,785,185	64,961,252
Member Co-payments	7,345,313	1,532,581	8,877,894	576,592	85,958	662,550	9,540,444
Paid Claim Amounts	43,668,082	6,630,091	50,298,173	4,658,286	464,349	5,122,635	55,420,808
Paid Per Employee Per Month	32.69	4.96	37.65	3.49	0.35	3.83	41.49

Table 6C – Key Plan Data for Actives

DC 37 HS 1/1/2001 through 12/31/2002 Key Plan Data							
	Retail Brand	Retail Generic	Retail Total	Mail Order Brand	Mail Order Generic	Mail Order Total	Total
Rx's Dispensed	1,580,061	1,017,339	2,597,400	66,209	29,538	95,747	2,693,147
Rxs Dispensed PEPM	0.59	0.38	0.97	0.02	0.01	0.04	1.01
Total Days of Therapy Dispensed	37,966,819	20,359,317	58,326,136	5,866,874	2,584,302	8,451,176	66,777,312
Average Employees	111,554	111,554	111,554	111,554	111,554	111,554	111,554
Total Average Wholesale Price	116,321,572	27,715,628	144,037,200	13,553,236	2,850,272	16,403,508	160,440,708
Total Ingredient Costs	98,196,576	13,507,296	111,703,872	10,511,897	1,070,527	11,582,424	123,286,296
Total Dispensing Fees	3,717,876	2,335,883	6,053,759	110,268	50,300	160,568	6,214,327
Gross Costs	101,916,219	15,843,206	117,759,425	10,622,165	1,120,826	11,742,991	129,502,416
Member Co-payments	15,103,217	3,047,124	18,150,341	1,185,611	174,413	1,360,024	19,510,365
Paid Claim Amounts	86,813,002	12,796,082	99,609,084	9,436,554	946,413	10,382,967	109,992,051
Paid Per Employee Per Month	32.43	4.78	37.20	3.52	0.35	3.88	41.08

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Table 6D – Key Plan Data for Retirees

DC 37 HS									
1/1/2001 through 12/31/2001									
Key Plan Data									
	Retail Brand	Retail Generic	Retail Total	Mail Order Brand	Mail Order Generic	Mail Order Total			
Rx's Dispensed	735,385	483,260	1,218,645	123,009	70,318	193,327			1,411,972
Rxs Dispensed PEPM	1.26	0.83	2.08	0.21	0.12	0.33			2.41
Total Days of Therapy Dispensed	19,479,111	12,082,255	31,561,366	10,914,075	6,152,323	17,066,398			48,627,764
Average Employees	48,763	48,763	48,763	48,763	48,763	48,763			48,763
Total Average Wholesale Price	49,512,823	13,905,591	63,418,414	22,907,546	6,402,814	29,310,360			92,728,774
Total Ingredient Costs	42,168,943	6,659,838	48,828,781	18,586,823	2,531,510	21,118,333			69,947,114
Total Dispensing Fees	2,020,493	1,275,282	3,295,775	222,158	132,680	354,838			3,650,613
Gross Costs	44,190,564	7,935,289	52,125,853	18,808,981	2,664,191	21,473,172			73,599,025
Member Co-payments	6,952,850	1,448,317	8,401,167	2,163,677	415,823	2,579,500			10,980,667
Paid Claim Amounts	37,237,714	6,486,972	43,724,686	16,645,304	2,248,368	18,893,672			62,618,358
Paid Per Employee Per Month	63.64	11.09	74.72	28.45	3.84	32.29			107.01

Table 6E – Key Plan Data for Retirees

DC 37 HS									
1/1/2002 through 12/31/2002									
Key Plan Data									
	Retail Brand	Retail Generic	Retail Total	Mail Order Brand	Mail Order Generic	Mail Order Total			
Rx's Dispensed	685,862	496,635	1,182,497	113,108	71,388	184,496			1,366,993
Rxs Dispensed PRPM	1.16	0.84	2.00	0.19	0.12	0.31			2.31
Total Days of Therapy Dispensed	18,333,839	12,619,668	30,953,507	10,039,314	6,268,913	16,308,227			47,261,734
Average Retirees	49,260	49,260	49,260	49,260	49,260	49,260			49,260
Total Average Wholesale Price	48,836,560	15,481,711	64,318,271	22,920,287	6,991,161	29,911,448			94,229,719
Total Ingredient Costs	41,300,072	6,891,454	48,191,526	18,169,427	2,619,284	20,788,711			68,980,237
Total Dispensing Fees	1,729,306	1,206,541	2,935,847	169,709	108,621	278,330			3,214,177
Gross Costs	43,030,516	8,098,172	51,128,688	18,339,135	2,727,905	21,067,040			72,195,728
Member Co-payments	6,375,427	1,487,372	7,862,799	1,992,225	420,686	2,412,911			10,275,710
Paid Claim Amounts	36,655,089	6,610,800	43,265,889	16,346,910	2,307,219	18,654,129			61,920,018
Paid Per Retiree Per Month	62.01	11.18	73.19	27.65	3.90	31.56			104.75

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Table 6F – Key Plan Data for Retirees

DC 37 HS 1/1/2001 through 12/31/2002 Key Plan Data						
	Retail Brand	Retail Generic	Retail Total	Mail Order Brand	Mail Order Generic	Mail Order Total
Rx's Dispensed	1,421,247	979,895	2,401,142	236,117	141,706	377,823
Rxs Dispensed PRPM	1.21	0.83	2.04	0.20	0.12	0.32
Total Days of Therapy Dispensed	37,812,950	24,701,923	62,514,873	20,953,389	12,421,236	33,374,625
Average Retirees	49,011	49,011	49,011	49,011	49,011	49,011
Total Average Wholesale Price	98,349,383	29,387,302	127,736,685	45,827,833	13,393,975	59,221,808
Total Ingredient Costs	83,469,015	13,551,292	97,020,307	36,756,250	5,150,794	41,907,044
Total Dispensing Fees	3,749,799	2,481,823	6,231,622	391,867	241,301	633,168
Gross Costs	87,221,080	16,033,461	103,254,541	37,148,116	5,392,096	42,540,212
Member Co-payments	13,328,277	2,935,689	16,263,966	4,155,902	836,509	4,992,411
Paid Claim Amounts	73,892,803	13,097,772	86,990,575	32,992,214	4,555,587	37,547,801
Paid Per Retiree Per Month	62.82	11.14	73.95	28.05	3.87	31.92
						105.88

Table 7A – Plan Cost and Utilization Statistics for Actives

Key Statistics	Retail Plan			Mail Order Plan		
	Retail Total	Retail Benchmark*	Retail Total Vs. Benchmark	Mail Order Total	Mail Order Benchmark*	Mail Order Total vs. Benchmark
Cost Statistics						
AWP Per Day of Therapy	\$2.42	\$2.34	3.4%	\$1.87	\$1.73	8.1%
Paid Amount Per Day of Therapy	\$1.68	\$1.51	11.3%	\$1.20	\$1.14	5.3%
Member Cost Sharing %	15.7%	26.1%	(60.2%)	11.8%	12.0%	(0.2%)
Dispensing Statistics						
% Single Source Brand Rx's	57.3%	55.0%	2.3	64.5%	59.0%	5.5
% Multi Source Brand Rx's	3.6%	6.0%	(2.4)	4.7%	6.0%	(1.3)
% Generic Rx's	39.0%	39.0%	-	30.7%	35.0%	(4.3)

* Benchmark data have not been demographically adjusted.

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Table 7B – Plan Cost and Utilization Statistics for Retirees

Key Statistics	Retail Plan			Mail Order Plan		
	Retail Total	Retail Benchmark*	Retail Total Vs. Benchmark	Mail Order Total	Mail Order Benchmark*	Mail Order Total vs. Benchmark
Cost Statistics						
AWP Per Day of Therapy	\$2.00	\$2.34	3.4%	\$1.75	\$1.73	8.1%
Paid Amount Per Day of Therapy	\$1.36	\$1.51	11.3%	\$1.11	\$1.14	5.3%
Member Cost Sharing %	16.0%	23.5%	(7.5%)	11.8%	11.3%	4.4%
Dispensing Statistics						
% Single Source Brand Rx's	54.3%	55.0%	(0.7%)	56.7%	59.0%	(3.9%)
% Multi Source Brand Rx's	4.8%	6.0%	(1.2%)	5.9%	6.0%	(1.7%)
% Generic Rx's	40.9%	39.0%	1.9%	37.5%	35.0%	2.5%

* Benchmark data have not been demographically adjusted.

Plan Cost and Utilization Statistics Commentary

- Cost sharing is below benchmark levels for the actives. This situation contributes to the paid amounts per day of therapy being 11.3 percent and 5.3 percent higher than benchmarks for retail and mail, respectively, for the actives. For the retirees, the cost sharing is below benchmark for retail but at benchmark for mail order.
- For the actives, the average retail generic utilization is at the benchmark level. For the average mail generic utilization, the actual is less than benchmark 30.7 percent versus 35.0 percent. For retirees, the average retail and mail generic utilization is above benchmark levels. Retail is 40.9 percent compared to 39.0 percent while mail is 37.5 percent compared to 35.0 percent.
- Mail order utilization accounted for 3.6 percent of total prescriptions dispensed for actives and 13.6 percent of total prescriptions dispensed for retirees in 2001-2002. Typically, maintenance prescriptions account for approximately 70 percent of prescriptions dispensed. Maintenance prescriptions in contrast to acute prescriptions are the types of medications that are taken over a continuous and long period of time. Offering both member convenience and reduction in potential lapses caused by missed refills, maintenance prescriptions are ideally suited for a mail order program where longer day supplies are available. In addition, the Plan gains the deeper discounts, assuming alignment of co-pays.

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Tables 8A & 8B -- Lost Generic Interchange Opportunity

<i>Table 8A -- Actives</i>	Percentage of Total Multi-Source Rx's
Reasons for Brand	
No product selection indicated	48.78%
Physician Specifies No Substitution	47.39%
Member Requests No Substitution	1.95%
Other	1.87%

<i>Table 8B -- Retirees</i>	Percentage of Total Multi-Source Rx's
Reasons for Brand	
No product selection indicated	51.35%
Physician Specifies No Substitution	38.66%
Member Requests No Substitution	7.13%
Other	2.87%

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Figure 1A - Multi-Source Rx Breakdown for Actives

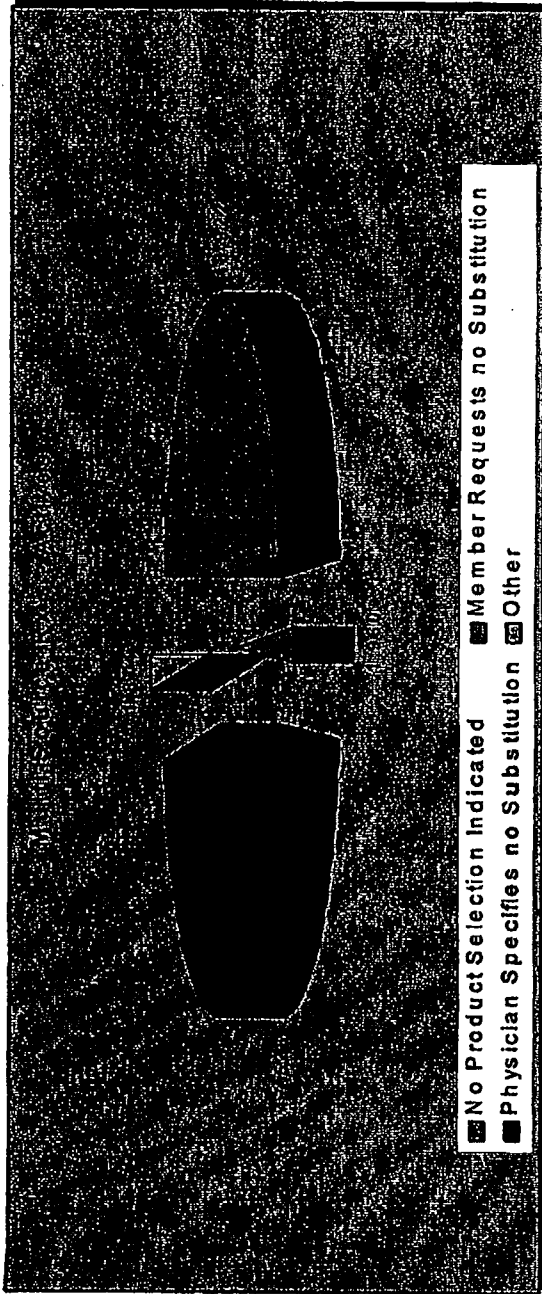
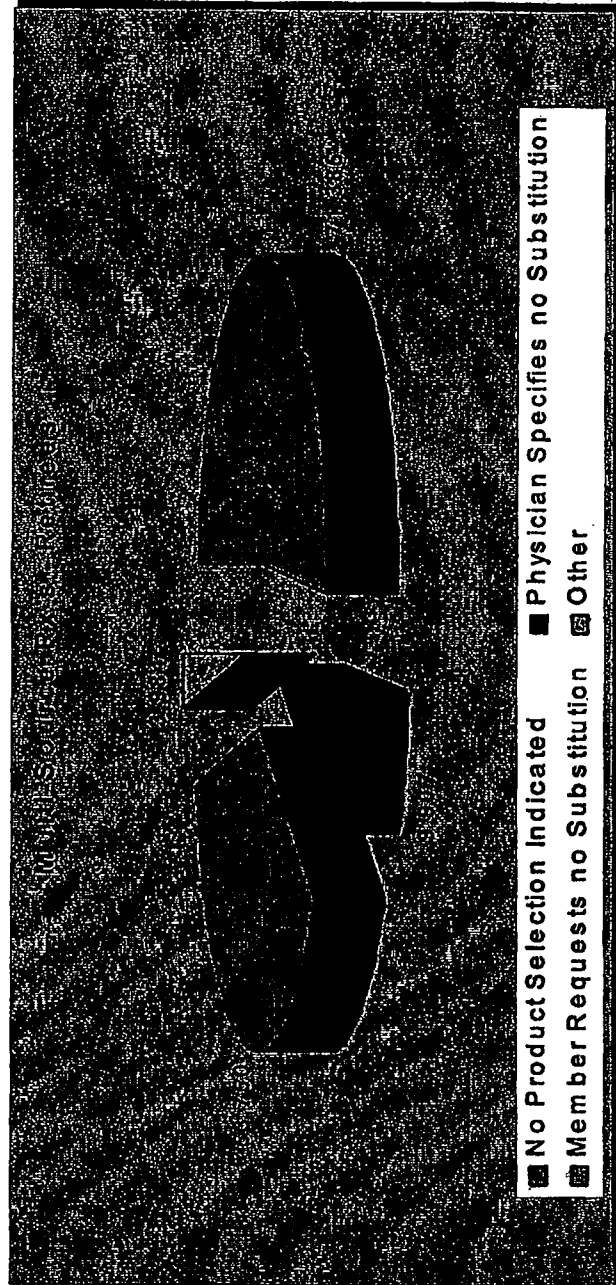


Figure 1B - Multi-Source Rx Breakdown for Retirees



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Lost Generic Interchange Opportunity Commentary

- A multi-source brand drug is a brand drug with a FDA approved therapeutic equivalent. The above graphs show that in 2001-2002, members received 100,282 prescriptions that ideally could have been dispensed as generics; and retirees received 139,026.
- 47.39 percent of the multi-source prescriptions for actives and 38.66 percent of those for retirees were the result of the member's physician specifying "No Generic Substitution" on the prescription.
- The active member requested the multi-source brand prescription only 1.95 percent of time, while the retired member requested it 7.13 percent of the time. In these instances, the member should be paying the additional \$12.00 co-payment (or \$24.00 at mail order) for the brand prescription, **plus** the difference in cost.
- 48.78 percent of the multi-source prescriptions for actives and 51.35 percent of those for retirees were dispensed where the physician made no indication on the prescription. In these instances, a pharmacist could have chosen to dispense the generic equivalent.

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SECTION 5 – TREND ANALYSIS

The trend analysis reviews the actual per member per month paid claim increase and separates the increase into 4 separate and distinct components (Utilization, Inflation and Drug Mix, Cost Sharing, and Effective Discount). By isolating each component, the most effective cost containment strategies can be developed. The table below provides the basic statistics used to calculate the trend components.

Please note the results shown for both actives and retirees trend statistics have been impacted by the removal of the PICA drugs, (Psychotropic, Injectables, Chemotherapy and Asthma), as of July 1, 2001. This artificially results in a lower than actual trend level.

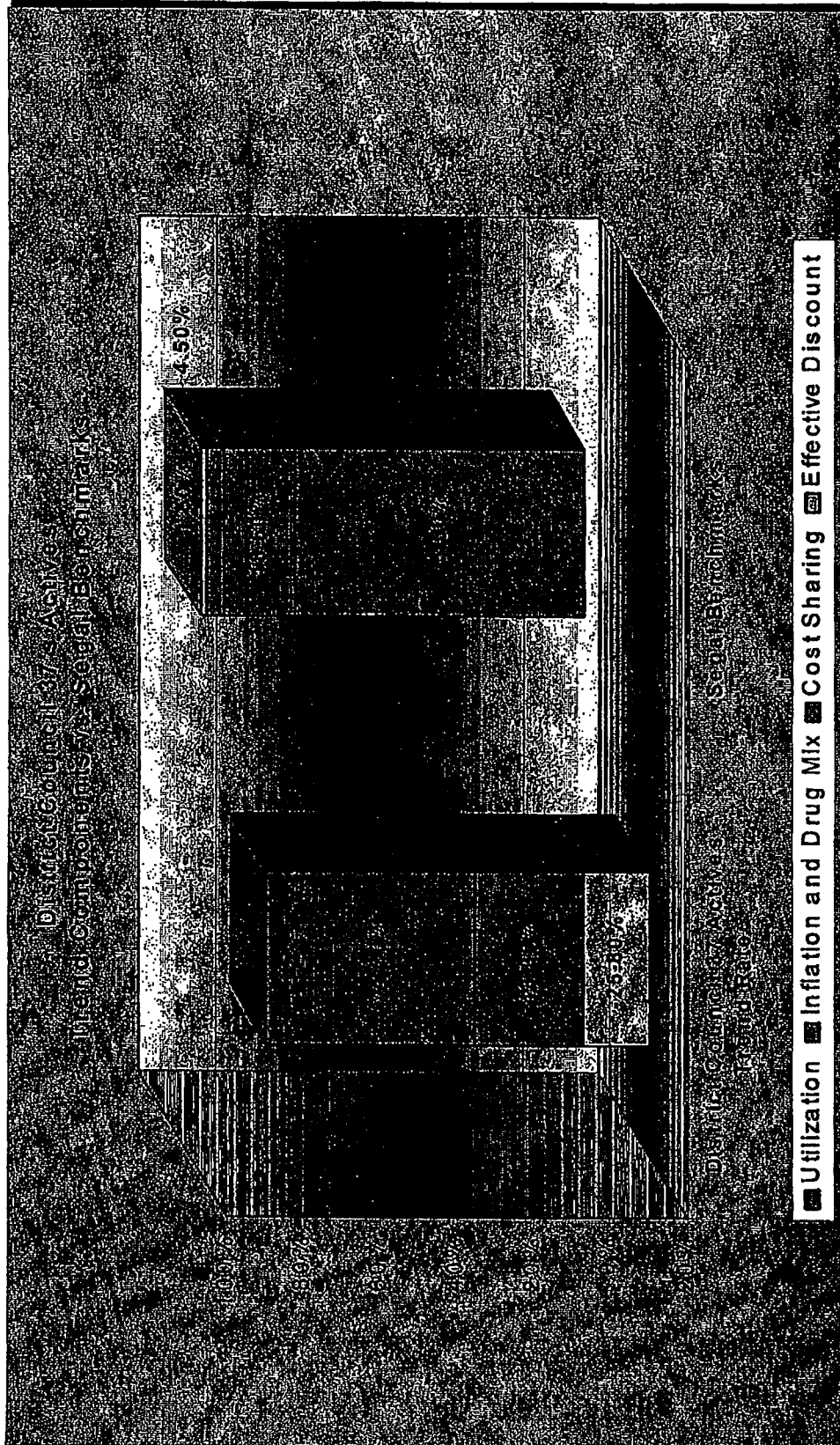
Table 9A – Trend Statistics for Actives

DC 37			
Period 1: 01/01/2001 through 12/31/2001			
Period 2: 01/01/2002 through 12/31/2002			
Key Trend Statistics	Period 1	Period 2	
1. Average Wholesale Costs	\$ 62,013,434	\$ 70,736,121	
2. Discounted Ingredient Costs	48,247,219	53,650,727	
3. Dispensing Fees	2,666,756	2,225,358	
4. Sales Tax	529	932	
5. Gross Costs (2+3+4)	\$ 50,914,504	\$ 55,877,017	
6. Member Co-payments	7,689,844	7,855,052	
7. Plan Sponsor Paid Amounts (4-5)	\$ 43,224,661	\$ 48,021,965	
8. Average Employees	111,787	111,322	
9. Total Days Supply	28,481,024	29,842,428	
PMPM Trend Rate			
Plan Sponsor Paid Per Employee Per Month	\$ 32.22	\$ 35.95	
Trend Measurement Components			Trend Contribution
a) Utilization (Change In Average Days Supply of Drug Therapy PEPM)			5.0%
b) Inflation and Drug Mix (Change In Average Wholesale Drug Cost Per Day)			8.6%
c) Cost Sharing (Change In Percentage of Total Costs Paid By Employees)			1.0%
d) Effective Discount (Change In Plan Discount Rates)			-3.0%
Trend Rate			11.6%
Segal Observed 2002 Trend Rate			16.3%

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Figure 2A -Trend Components for Actives



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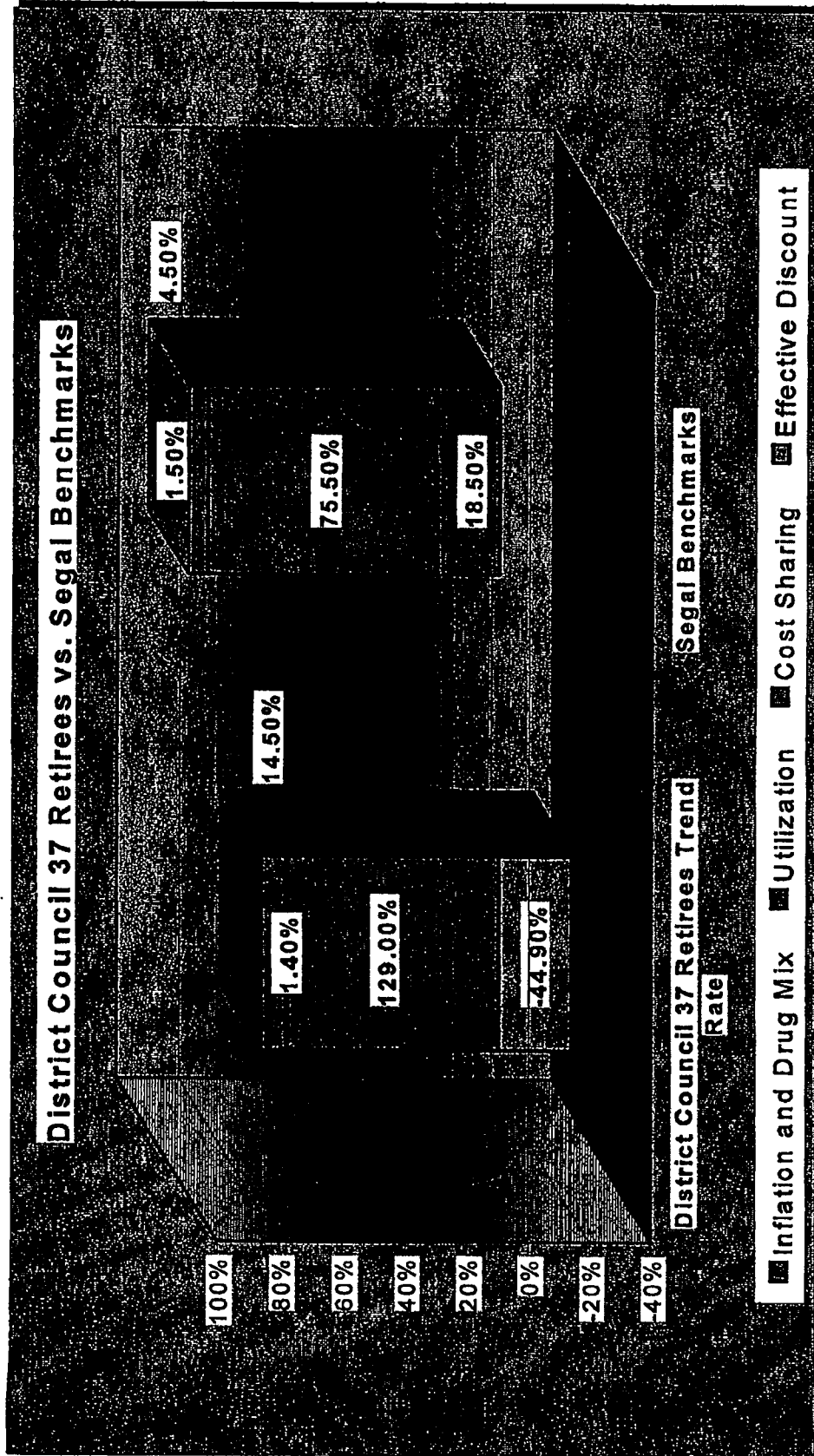
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Table 9B - Trend Statistics for Retirees

DC 37 - Retirees			
Period 1: 01/01/2001 through 12/31/2001			
Period 2: 01/01/2002 through 12/31/2002			
Key Trend Statistics	Period 1	Period 2	
1. Average Wholesale Costs	\$77,346,737	\$85,137,528	
2. Discounted Ingredient Costs	58,022,824	61,806,453	
3. Dispensing Fees	3,066,358	2,840,411	
4. Sales Tax	1,001	1,163	
5. Gross Costs (2+3+4)	\$61,090,183	\$64,648,027	
6. Member Co-payments	9,186,684	9,050,134	
7. Plan Sponsor Paid Amounts (4-5)	\$51,903,499	\$55,597,893	
8. Average Retirees	48,763	49,260	
9. Total Days Supply	43,377,834	43,859,289	
PMPM Trend Rate			
Plan Sponsor Paid Per Retiree Per Month	\$88.70	\$94.06	
Trend Measurement Components			Trend Contribution
a) Utilization (Change In Average Days Supply of Drug Therapy PRPM)			0.1%
b) Inflation and Drug Mix (Change In Average Wholesale Drug Cost Per Day)			7.7%
c) Cost Sharing (Change In Percentage of Total Costs Paid By Retirees)			0.9%
d) Effective Discount (Change In Plan Discount Rates)			-2.7%
Trend Rate			6.0%
Segal Observed 2002 Trend Rate			16.3%

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Figure 2B - Trend Components for Retirees



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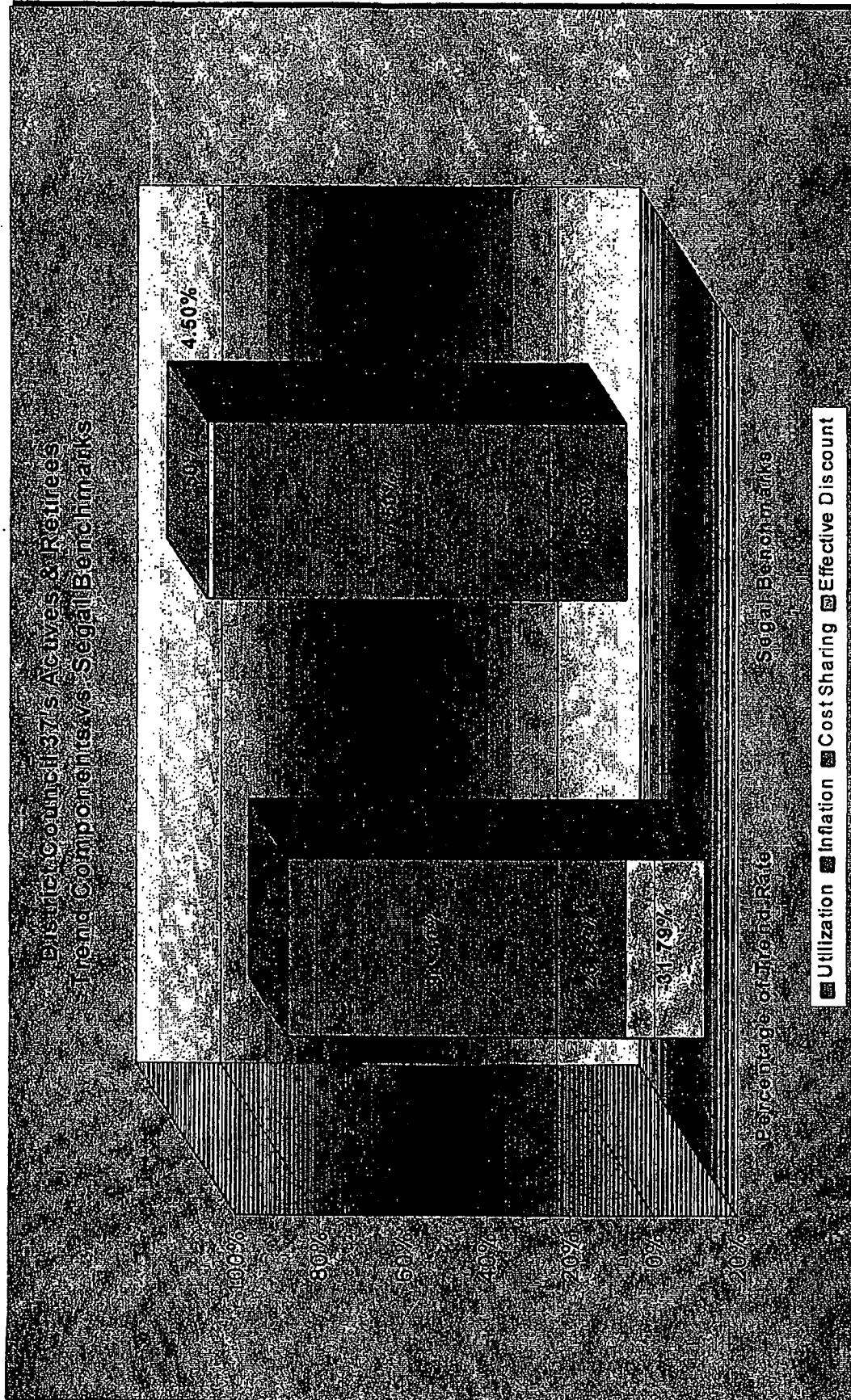
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Table 9C - Trend Statistics for Actives and Retirees

DC 37 - Actives and Retirees			
Period 1: 01/01/2001 through 12/31/2001			
Period 2: 01/01/2002 through 12/31/2002			
Key Trend Statistics	Period 1	Period 2	
1. Average Wholesale Costs	\$139,360,171	\$155,873,649	
2. Discounted Ingredient Costs	\$106,270,044	\$115,457,181	
3. Dispensing Fees	\$5,733,114	\$5,065,768	
4. Sales Tax	\$1,530	\$2,095	
5. Gross Costs (2+3+4)	\$112,004,688	\$120,525,044	
6. Member Co-payments	\$16,876,528	\$16,905,186	
7. Plan Sponsor Paid Amounts (4-5)	\$95,128,160	\$103,619,858	
8. Average Retirees	\$160,550	\$160,582	
9. Total Days Supply	\$71,858,858	\$73,701,717	
PMPM Trend Rate			
Plan Sponsor Paid Per Active & Retiree Per Month	\$49.38	\$53.77	
Trend Measurement Components			Trend Contribution
a) Utilization (Change In Average Days Supply of Drug Therapy PRPM)			2.40%
b) Inflation and Drug Mix (Change In Average Wholesale Drug Cost Per Day)			8.40%
c) Cost Sharing (Change In Percentage of Total Costs Paid By Retirees)			1.00%
d) Effective Discount (Change In Plan Discount Rates)			-2.80%
Trend Rate			8.90%
Segal Observed 2002 Trend Rate			16.30%

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Figure 2C – Trend Components for Actives and Retirees



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Trend Statistics Commentary

The Segal trend analysis is designed to isolate the four trend components responsible for DC 37's PEPM trend increase. The isolation of these components will allow the Plan to focus cost control efforts in areas, which will have the greatest financial impact. The trend is measured on a PEPM basis and is based solely on membership figures provided to the Segal Company. Each trend component will be analyzed and discussed below.

Utilization - Measured by the percentage change in day's supply of drug therapy PEPM between Period 2 and Period 1. This component reflects changes in quantities of drugs being consumed by DC 37's members in Period 2 versus Period 1. The increases of 5.0 percent for actives and 0.1 percent for retirees are low, compared with observed industry increases of 10 to 15 percent. Overall drug utilization can be affected by a number of factors including plan design, drug marketing, new drugs, underlying healthcare coverage, etc. Most PBM's offer programs and services designed to address and control drug utilization on an aggregate and individual drug level.

Inflation and Drug Mix - Measured by the percentage change in AWP per day of therapy between Period 2 and Period 1. Prescription drugs as a whole have been experiencing inflation increases of 4 to 6 percent per year. This inflation increase, as well as changes in drug mix, makes up this trend component. Drug mix represents changes in either quantities of existing drugs being consumed, or the introduction of new drug therapies to the plan. These therapies may be drugs that are new to the market (e.g., Celebrex, Vioxx), or existing drugs that were not being utilized in one period versus another. The inflation and drug mix impact on the Plan's plan was 8.6 percent for actives and 7.7 percent for retirees. These components are within the normal range of increases based on Segal observed trends (8% to 10%).

Cost Sharing - Cost sharing represents the percentage of costs, which the plan members absorb in the form of copayments, deductibles, etc. The Plan's current plan design is based primarily on flat dollar copayment amounts for brand and generic drugs. Flat dollar co-payment levels naturally erode over time as the cost of drug increases. This erosion serves to increase the cost of the drugs to the plan versus the cost to the member. The overall impact of the cost sharing erosion to DC 37's trend rate was 1.0 percent for actives and 0.9 percent retirees.

Change in Effective Discount - Effective discount is measured by considering both the discounted ingredient cost of drugs dispensed and the applicable dispensing fees charged versus the published average wholesale drug costs. PBM's control both of these trend components by negotiating with retail pharmacy providers and offering discounted mail order programs. The change in the effective discount is responsible for negative 3.0 percentage points of the overall active trend increase and negative 2.7 percentage points of the overall retiree trend increase.

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Top Therapeutic Drug Classes

The top therapeutic class table shows the most costly 10 therapeutic drug categories for DC 37. Normally, the top categories will represent 40% to 60% of total plan costs and signify areas where ESI's cost control, dispense management, and client plan design efforts should be directed in order to minimize plan dollars spent. Segal benchmark figures are provided regarding key drug category statistics.

Table 10A - Summary of Top 10 Therapeutic Drug Classes (01/01/2002 to 12/31/2002) - Actives

AHFS Drug Category	% of Total Paid Claims	Benchmark % of Total Paid Claims	% Total Days Dispensed		Benchmark % Total Days Dispensed		% Generic Rx's Dispensed		Benchmark % Generic Rx's Dispensed		Generic Sub. Rate	Benchmark Generic Sub. Rate	Paid Amount Per Rx Dispensed
			Days Dispensed	% Total	Days Dispensed	% Total	Rx's Dispensed	% Generic	Rx's Dispensed	% Generic			
HMG-COA Reductase	11.5%	5.66%	7.9%	7.9%	7.89%	7.89%	0.6%	0.6%	1.58%	1.58%	93.8%	82.80%	\$83.73
Calcium-Channel Blocking	6.8%	5.22%	8.3%	8.3%	6.97%	6.97%	30.3%	30.3%	33.87%	33.87%	95.3%	92.13%	\$45.36
Antiretroviral	7.3%	0.35%	0.9%	0.9%	0.34%	0.34%	0.0%	0.0%	0.00%	0.00%	0.0%	0.00%	\$404.18
Antihistamine	6.1%	3.80%	5.9%	5.9%	3.51%	3.51%	6.7%	6.7%	7.61%	7.61%	99.5%	94.22%	\$46.69
Unclassified Therapeutic	4.9%	3.70%	3.7%	3.7%	4.77%	4.77%	18.2%	18.2%	17.46%	17.46%	99.4%	95.06%	\$75.64
Anti-inflammatory	4.8%	3.87%	4.2%	4.2%	3.64%	3.64%	39.3%	39.3%	40.75%	40.75%	98.3%	95.78%	\$49.85
Angiotensin	3.6%	5.11%	7.7%	7.7%	6.82%	6.82%	26.8%	26.8%	27.79%	27.79%	64.5%	63.23%	\$25.90
Miscellaneous	3.9%	2.48%	1.6%	1.6%	3.03%	3.03%	2.9%	2.9%	15.76%	15.76%	99.1%	92.06%	\$118.00
Angiotensin II	3.4%	2.65%	4.5%	4.5%	3.54%	3.54%	0.0%	0.0%	0.00%	0.00%	0.0%	0.00%	\$41.42
Quinolones	2.9%	1.42%	0.7%	0.7%	0.40%	0.40%	0.0%	0.0%	0.00%	0.00%	0.0%	0.00%	\$63.43
Total Top 10	55.3%	50.79%	45.4%	45.4%	40.91%	40.91%	16.0%	16.0%	18.04%	18.04%	85.8%	84.31%	\$61.60
Total All Categories	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	40.50%	40.50%	40.50%	40.50%	94.4%	91.18%	\$41.36

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Figure 3A – Top Ten Therapeutic Drug Classes - Actives

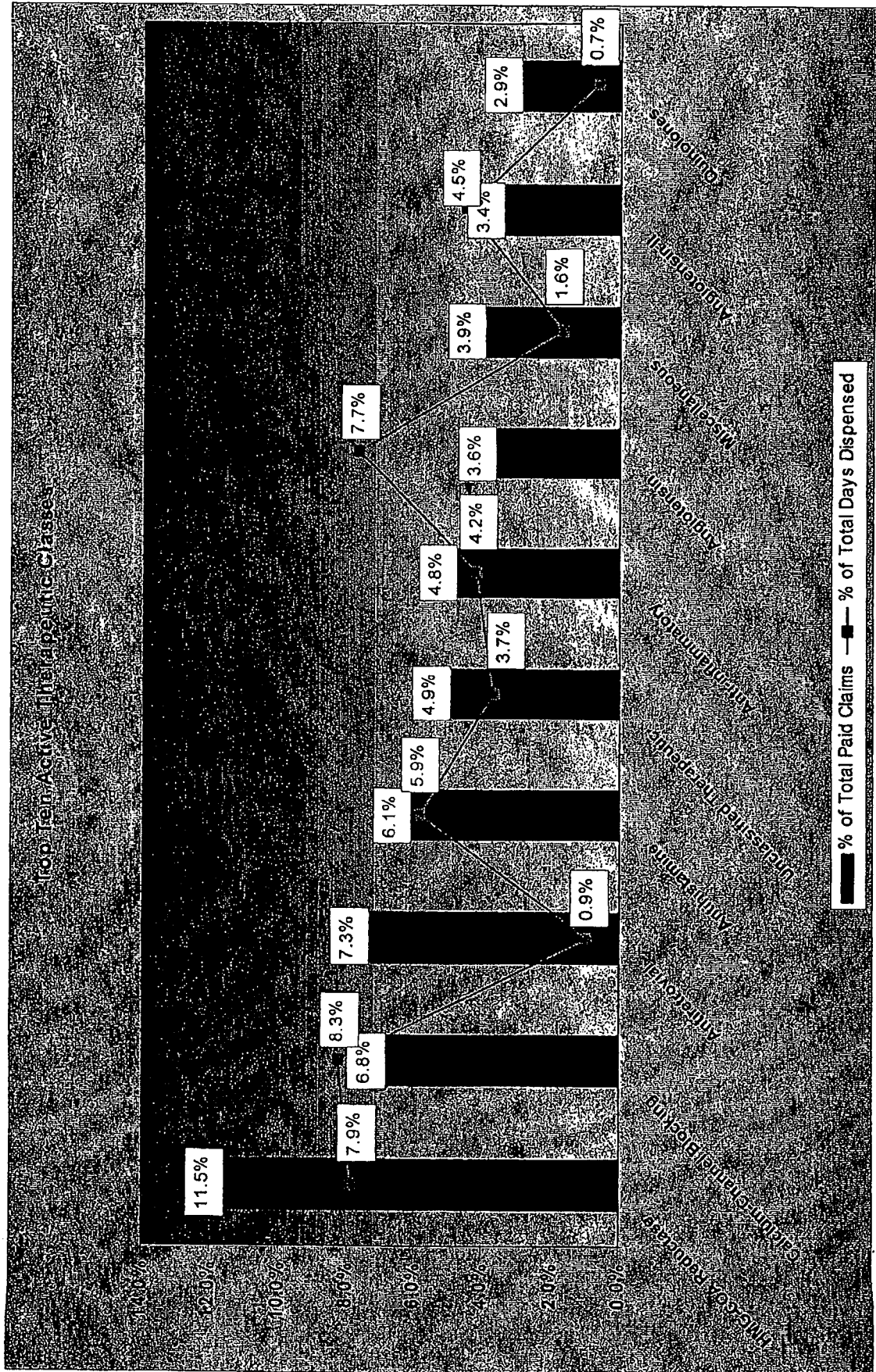
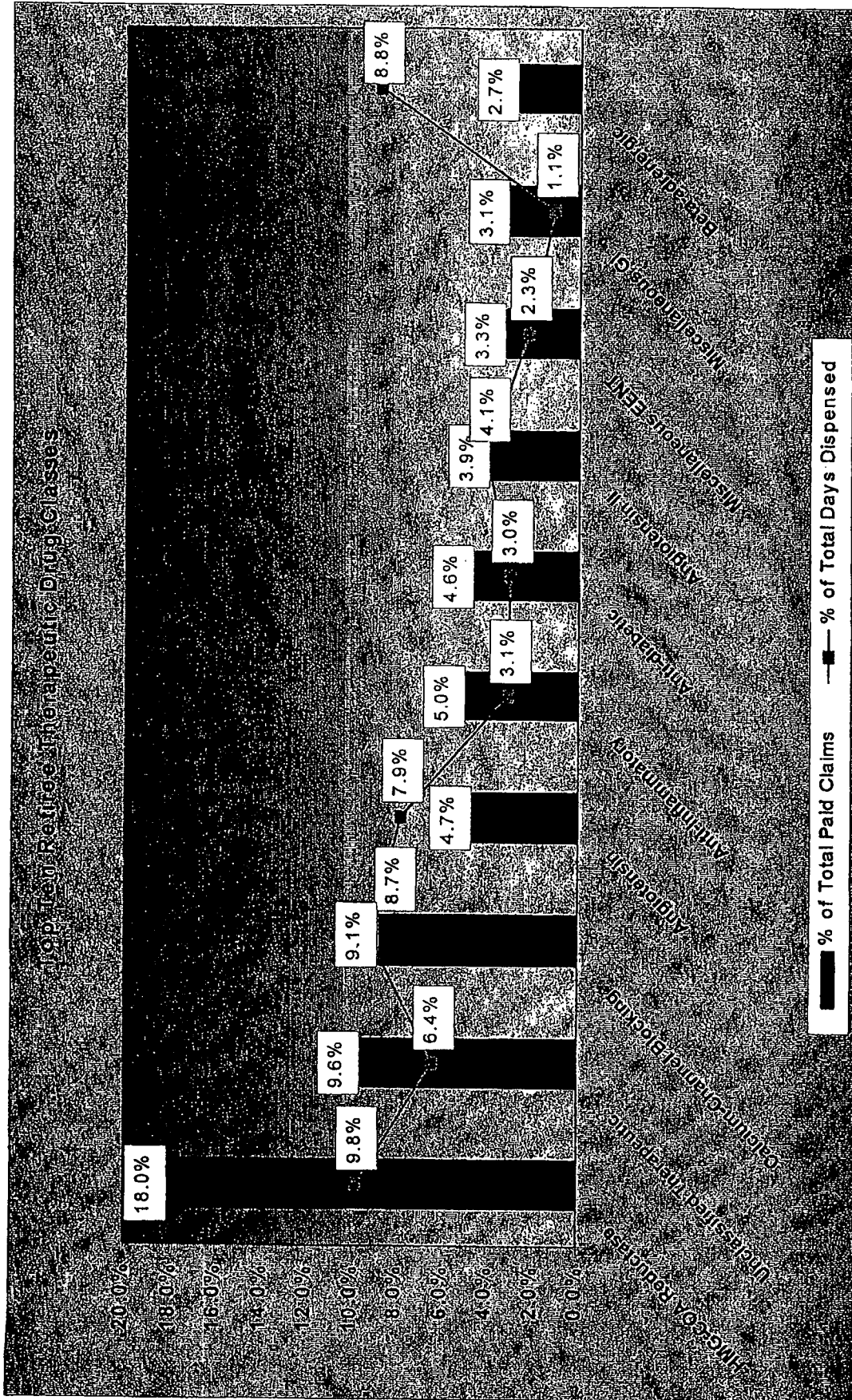


Table 10B - Summary of Top 10 Therapeutic Drug Classes (01/01/2002 to 12/31/2002) - Retirees

AHFS Drug Category	% of Total Paid Claims	Benchmark % of Total Paid Claims	% Total Days Dispensed		Benchmark % Total Days Dispensed	% Generic Rx's Dispensed		Benchmark % Generic Rx's Dispensed	Generic Sub. Rate	Benchmark Generic Sub. Rate	Paid Amount Per Rx Dispensed
			Days	Dispensed		Days	Dispensed				
HMG-COA Reductase	18.0%	5.66%	9.8%	7.89%	1.3%	1.58%	90.9%	82.80%	\$98.75		
Unclassified Therapeutic	9.6%	3.70%	6.4%	4.77%	13.3%	17.46%	99.3%	95.06%	\$77.92		
Calcium-Channel Blocking	8.7%	5.22%	9.1%	6.97%	37.3%	33.87%	94.0%	92.13%	\$49.22		
Angiotensin	4.7%	5.11%	7.9%	6.82%	29.7%	27.79%	64.8%	63.23%	\$30.50		
Anti-inflammatory	5.0%	3.87%	3.1%	3.64%	24.0%	40.75%	96.9%	95.78%	\$73.26		
Anti-diabetic	4.6%	1.60%	3.0%	2.40%	37.4%	35.76%	82.5%	83.52%	\$76.90		
Angiotensin II	3.9%	2.65%	4.1%	3.54%	0.0%	0.00%	0.0%	0.00%	\$49.52		
Miscellaneous EENT	3.3%	1.34%	2.3%	1.32%	20.4%	20.75%	97.9%	94.65%	\$53.02		
Miscellaneous GI	3.1%	2.48%	1.1%	3.03%	5.1%	15.76%	99.0%	92.06%	\$126.31		
Beta-adrenergic	2.7%	5.17%	8.8%	6.95%	73.0%	70.66%	98.4%	97.70%	\$15.92		
Total Top 10	63.6%	48.64%	55.6%	47.33%	27.9%	28.24%	89.2%	88.53%	\$57.84		
Total All Categories	100.0%	100.0%	100.0%	100.0%	41.5%	40.50%	94.0%	91.18%	\$45.29		

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Figure 3B -- Top Ten Therapeutic Drug Classes -- Retirees



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Top Therapeutic Drug Classes Commentary

- For the DC 37 actives, cholesterol-lowering drugs were the top therapeutic class of drugs dispensed. DC 37's experience shows that 11.5 percent of total claims are attributable to this class compared to the benchmark of 7.89 percent. For the retirees, cholesterol-lowering drugs are the highest class, with 18 percent of claims.
- The Top 4 drug categories represented 31.7 percent of DC 37's active plan dollars and 23 percent of the total therapy days dispensed. The Top 10 categories represented 55.3 percent of total plan dollars and 45.4 percent of total days of therapy dispensed. For the retirees, the comparable numbers for the Top 4 categories were 41 percent and 33.2 percent, with the Top 10 figures at 63.6 percent and 55.6 percent.
- Unclassified Therapeutic Agents include a number of classes of drugs with different therapeutic indications. The following are the top three prescriptions dispensed in this category during 2002:
 - **Plavix:** The Fund paid \$1,497,242 for 16,013 prescriptions, or an average of \$93.05 per prescription. Plavix, a Bristol-Myers Squibb product, is specifically designed for people who have had a recent heart attack, a recent stroke, or have poor circulation in the legs. The Plan's retirees utilize this drug to a much greater degree than the actives, and significantly more so via the mail order channel than retail.
 - **Fosamax:** The Plan paid \$1,436,812 for 31,205 prescriptions, or an average of \$46.04 per prescription. Fosamax, a Merck product, is for either the treatment of osteoporosis in women after menopause or to increase bone mass in men with osteoporosis.
 - **Flomax:** For this drug, the Plan paid \$690,019 for 13,876 prescriptions, or an average of \$49.73 per prescription. Flomax causes the blood vessels (veins and arteries) to relax and expand, so that blood passes through them more easily. This effect relaxes the muscles in the prostate and bladder neck.

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Table 11A - Summary of Top Therapeutic Drug Classes (01/01/2002 to 12/31/2002) -- Actives

The therapeutic drug class summary provides individual drug level detail regarding the top 4 Therapeutic drug categories. Based on these results, ESI's actual prescription filling patterns can be observed. The table also provides a comparison of retail versus mail order paid amounts per day of therapy. These statistics are very useful in determining the cost effectiveness of the mail order drug program as well as the plan costs associated with various alternative drug therapies available in each top category.

AHFS Drug Category	Top 5 Drug Names	Drug Type	Days of Therapy Dispensed	Retail Market Share %	Mail Order Market Share %	Retail Paid Amount Per Day	Mail Order Paid Amount Per Day
HMG-COA Reductase Inhibitors							
(Cholesterol Lowering)	LIPITOR	Single Source	1,738,415	78.7%	21.3%	\$2.24	\$2.18
	ZOCOR	Single Source	447,424	89.2%	10.8%	3.08	3.04
	PRAVACHOL	Single Source	373,360	74.8%	25.2%	2.97	2.76
	LESCOL XL	Single Source	36,718	86.8%	13.2%	1.34	1.35
	LESCOL	Single Source	16,160	83.8%	16.2%	0.99	1.04
	Class Total		2,635,867	80.1%	19.9%	\$2.45	\$2.34
Calcium Channel Blocking Agents							
	NORVASC	Single Source	1,309,159	86.0%	14.0%	\$1.42	\$1.36
	LOTREL	Single Source	272,737	89.6%	10.4%	1.85	1.82
	NIFEDIPINE ER	Generic	203,781	81.1%	18.9%	1.99	1.02
	DILTIAZEM HCL	Generic	154,465	82.1%	17.9%	1.11	0.98
	TIAZAC	Single Source	90,280	85.0%	15.0%	1.49	1.47
	Class Total		2,766,591	85.4%	14.6%	\$1.40	\$1.20
Antiretroviral Agents							
	COMBIVIR	Single Source	45,672	94.2%	5.8%	\$18.81	\$11.18
	ZERIT	Single Source	39,381	95.0%	5.0%	9.34	8.76
	SUSTIVA	Single Source	30,194	94.3%	5.7%	12.31	10.98
	VIRACEPT	Single Source	20,842	97.0%	3.0%	21.15	11.00
	TRIZIVIR	Single Source	11,077	97.6%	2.4%	31.27	11.00
	Class Total		310,322	94.8%	5.2%	13.31	\$9.35
Antihistamine Agents							
	ZYRTEC	Single Source	447,097	93.1%	6.9%	\$1.51	\$1.50
	ALLEGRA	Single Source	422,244	90.4%	9.6%	1.76	1.70
	CLARITIN	Single Source	345,550	95.9%	4.1%	2.04	2.06
	CLARINEX	Single Source	222,296	96.2%	3.8%	1.41	1.46
	CLARITIN-D 24 HOUR	Single Source	151,352	96.4%	3.6%	2.31	2.33
	Class Total		1,967,390	94.1%	5.9%	\$1.71	\$1.71
Grand Total			7,680,170	86.2%	13.8%	\$2.35	\$1.94

Table 11B - Summary of Top Therapeutic Drug Classes (01/01/2002 to 12/31/2002) -- Retirees

AHFS Drug Category	Top 5 Drug Names	Drug Type	Days of Therapy Dispensed	Retail Market Share %	Mail Order Market Share %	Retail Amount Per Day	Mail Order Amount Per Day	Mail Order Paid Amount Per Day
HMG-CoA Reductase Inhibitors (Cholesterol Lowering)	LIPITOR	Single Source	2,852,887	56.4%	43.6%	\$2.25		\$2.14
	PRAVACHOL	Single Source	935,913	50.9%	49.1%	2.90		2.71
	ZOCOR	Single Source	697,062	79.0%	21.0%	3.02		2.96
	LESCOL XL	Single Source	49,563	72.8%	27.2%	1.35		1.32
	LESCOL	Single Source	43,940	81.8%	18.2%	1.02		1.00
	Class Total		4,648,177	59.3%	40.7%	\$2.46		\$2.32
Unclassified Therapeutic Agents	FOSAMAX	Single Source	554,119	60.6%	39.4%	\$1.57		\$1.48
	PLAVIX	Single Source	534,716	65.0%	35.0%	3.14		2.96
	FLOMAX	Single Source	406,213	63.7%	36.3%	1.67		1.65
	FOSAMAX	Single Source	389,160	60.4%	39.6%	1.90		1.73
	ACTONEL	Single Source	344,892	36.5%	63.5%	1.98		1.73
	Class Total		3,021,642	59.5%	40.5%	\$2.06		\$1.81
Calcium Channel Blocking Agents	NORVASC	Single Source	1,872,458	64.0%	36.0%	\$1.40		\$1.32
	DILTIAZEM HCL	Generic	368,636	57.6%	42.4%	1.06		0.83
	NIFEDIPINE ER	Generic	334,934	58.5%	41.5%	1.89		0.98
	CARTIA XT	Generic	268,943	63.3%	36.7%	1.13		0.91
	LOTREL	Single Source	268,062	69.2%	30.8%	1.87		1.78
	Class Total		4,315,942	64.0%	36.0%	\$1.34		\$1.10
Angiotensin	ACCUPRIL	Single Source	1,245,079	62.4%	37.6%	\$1.01		\$0.97
	ENALAPRIL MALEATE	Generic	530,426	72.5%	27.5%	0.31		0.26
	ZESTRIL	Multi Source	383,438	60.3%	39.7%	0.93		0.92
	MONOPRIL	Single Source	327,553	68.7%	31.3%	0.92		0.88
	ALTACE	Single Source	258,883	65.3%	34.7%	1.15		1.10
	Class Total		3,719,908	65.3%	34.7%	\$0.79		\$0.79
Grand Total			3,719,908	62.0%	38.0%	\$1.65		\$1.37

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Summary of Top Therapeutic Drug Classes Commentary

The preceding top therapeutic drug table illustrates the most costly five drugs in each of DC 37's Top 4 major drug categories for actives and retirees. This information is used to quantify and comment upon ESI's current drug management processes. As mentioned earlier, the top drug categories should be routinely reviewed in depth in order to reveal potential savings opportunities. These savings opportunities can be based on plan design (co-payments) or revised drug management programs and procedures available from ESI or another competing PBM.

Cholesterol lowering drugs is a prime targeted class for a disease management program. The cholesterol lowering drug, Lipitor, one of the more expensive and highly promoted drugs in this therapeutic classification, was one of the top drugs prescribed for the Fund's members during 2002, along with Pravachol and Zocor, two other highly-promoted drugs. These three drugs account for nearly 97 percent of all days dispensed in this category. Other less-costly drugs that have evidence of effectiveness should be explored. In addition, educational materials that address lifestyle changes (e.g., avoidance of certain foods and stress) and different treatment options are an important aspect to not only controlling these costs but improving the quality of life for individuals whose care is properly managed.

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